

ASSEMBLY BILL

No. 1784

Introduced by Assembly Member Dababneh

February 4, 2016

An act to amend Section 1070 of the Financial Code, relating to financial institutions.

LEGISLATIVE COUNSEL'S DIGEST

AB 1784, as introduced, Dababneh. State banks.

Existing law defines and regulates state banks and commits the enforcement of banking laws with the Commissioner of Business Oversight. The Banking Law prescribes definitions relating to bank offices and defines a branch office as an office at which core banking business is conducted other than an automated teller machine, a device used to facilitate check guarantee or check authorization, or a remote service facility, as defined.

This bill would provide, in the definitions that apply to regulating bank offices, for the authorization of a bank to participate in a financial education program that involves receiving deposits or paying withdrawals on the premises of a school or school facility. The bill would provide that the school premises or facility will not be considered a branch office of the bank if certain conditions are met.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1070 of the Financial Code is amended
- 2 to read:

1 1070. For purposes of this chapter, the following definitions
2 apply:

3 (a) “Automated teller machine” means any electronic
4 information processing device used by a financial institution and
5 its customers for the primary purpose of executing transactions
6 solely between the financial institution and its customers, if the
7 transactions are not incidental to sales between the customer and
8 a business entity other than a financial institution.

9 (b) “Branch office” means any office at which core banking
10 business is conducted other than an automated teller machine, a
11 device used to facilitate check guarantee or check authorization,
12 or a remote service facility as defined in subsection (d) of Section
13 345.12 of Title 12 of the Code of Federal Regulations.

14 (c) “Core banking business” means the business of receiving
15 deposits, paying checks, making loans, and other activities that
16 the commissioner may specify by order or regulation. “Core
17 banking business,” when used to describe the trust business,
18 includes receiving fiduciary assets and administering fiduciary
19 accounts.

20 (d) “Facility,” means an office at which a bank engages in
21 noncore banking business but at which it does not engage in core
22 banking business.

23 (e) “Head office” means the office designated by the bank as
24 its headquarters.

25 (f) “Noncore banking business” means all activities permissible
26 for banks, except core banking business, and except those activities
27 prohibited by law or determined by the commissioner by regulation
28 or order not to be noncore banking business.

29 (g) “Office” means the head office, any branch office, and any
30 facility office of a bank.

31 (h) “Redesignate offices” means (1) the relocation by a bank of
32 its head office to the site of a branch or facility office in this state
33 and the concurrent establishment by the bank of an office at the
34 former site of the head office, or (2) the relocation by a bank of a
35 branch office to the site of a facility office and the concurrent
36 establishment by the bank of a branch or facility office at the
37 former site of the branch office.

38 (i) *A bank may participate in a financial education program*
39 *that involves receiving deposits or paying withdrawals on the*

1 *premises of, or at a facility used by, a school. The school premises*
2 *or facility will not be considered a branch office of the bank if:*

3 *(1) The bank does not establish and operate the school premises*
4 *or facility in which the program is conducted.*

5 *(2) Bank employees work at the site only to participate in the*
6 *program.*

7 *(3) The program is provided at the discretion of the school.*

8 *(4) The principal purpose of the program is financial education.*

9 *For example, a program is educational if it is designed to teach*
10 *students the principles of personal financial management, banking*
11 *operations, or the benefits of saving for the future, and is not*
12 *designed for the purpose of profit-making.*

13 *(5) No services are provided to the general public.*